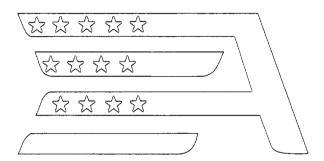
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Rrow Financial Corporation 2002 Annual Review

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To Shareholders & Friends

"Significant growth in loans and deposits made 2002 an outstanding year for Arrow Financial Corporation."

Thomas L. Hoy President & C.E.O.

Our net income increased 19.5% to \$18.9 million, with record year-end assets of \$1.27 billion, which grew 10.5% from the prior year-end. Diluted earnings per share rose 19.6% to \$2.32 from \$1.94 in 2001. A 5% stock dividend was distributed, and cash dividends paid to shareholders rose 14.5% to \$.95 per share compared to \$.83 in 2001.

With a strong community banking franchise and 26 offices across Northeastern New York, Arrow was positioned for growth as our customers took advantage of record low interest rates to buy or refinance homes, invest in their businesses and purchase automobiles.

Our two banks, Glens Falls National and Saratoga National, both achieved record growth, with combined year-end deposits of \$958 million, an increase of \$73 million or 8.2%, and loans outstanding of \$811 million, up \$56 million or 7.4%. Growth slowed in the indirect loan area as manufacturers continued to offer highly subsidized financing. However, this was offset by home mortgage and small business loan activity that were up, 14.2% and 13%, respectively. The quality of our loan portfolio continued to be very good. Non-performing loans at December 31, 2002 were \$2.6 million, down \$876 thousand, or 25.5% from the prior year-end, and represented just .32% of loans outstanding.

Strong growth in earning assets led to an 11% increase in tax-equivalent net interest income, which reached \$52.2 million. Our profitability was particularly strong as return on average equity increased from 18.17% in the prior year to 19.49% and return on average assets improved from 1.41% in 2001 to 1.55% in 2002. The Company's 2002 efficiency ratio (where lower is better) also improved to 49.5% from 51.6% in 2001.

FINANCIAL HIGHLIGHTS

(\$ In Thousands, Except Per Share Amounts) FOR THE YEAR	<u>2002</u>	<u>2001</u>	% Change
Net Interest Income\$ Net Income ¹	50,039 18,894	\$ 45,185 15,816	10.7% 19.5
Basic Earnings Per Share ^{1,2} Diluted Earnings Per Share ^{1,2}	2.37 2.32	1.97 1.94	20.3 19.6
Cash Diluted Earnings Per Share ^{2,3}	2.32	2.01	15.4
Cash Dividends Per Share ²	.95	.83	14.5
AT YEAR-END			
Assets\$	1,271,421	\$1,151,007	10.5%
Loans	811,292	755,124	7.4
Deposits	958,007	885,498	8.2
Shareholders' Equity	101,402	91,504	10.8
Book Value ²	12.78	11.42	11.9
Tangible Book Value ^{2,4}	11.56	10.17	13.7
SIGNIFICANT OPERATING RATIOS			
Return on Average Assets	1.55%	1.41%	
Return on Average Equity	19.49	18.17	
Efficiency Ratio ⁵	49.47	51.61	
ASSET QUALITY RATIOS			
Net Loan Charge-offs to Average Loans	.11%	.17%	
Nonperforming Loans to Period-End Loans	.32	.46	
Nonperforming Assets to Period-End Assets	.22	.33	
Allowance for Loan Losses to Period-End Loans	1.38	1.29	
Allowance for Loan Losses to Nonperforming Loans	436.89	282.72	

¹Amortization of goodwill was discontinued effective January 1, 2002, upon the third quarter adoption of SFAS No. 147.

²Per Share amounts have been restated for the November 2002 five percent stock dividend.

³ Cash Earnings Per Share adds back to net income the amortization, net of tax, of goodwill in 2001 and intangible assets in both years associated with prior branch acquisitions.

⁴ Tangible Book Value excludes from total equity intangible assets and goodwill which are primarily associated with prior branch acquisitions.

⁵ The Efficiency Ratio is the ratio of noninterest expense less goodwill and intangible asset amortization to the sum of tax-equivalent net interest income and noninterest income, less net securities gains or losses.

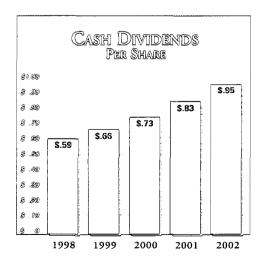
BUILDING ON CORE STRENGTHS AND CUSTOMER COMMITMENT

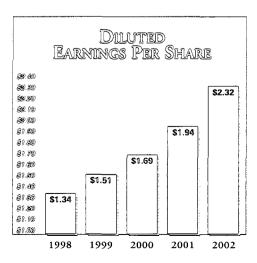
For Arrow, this was the fifth consecutive year of notable performance improvements in our key indicators. Since 1997, Arrow's total assets have grown 53%, deposits 33%, loans 67%, cash dividends per share 83% and diluted earnings per share 90%. At the same time, non-performing assets have shrunk 32% and non-performing loans have been reduced 30%.

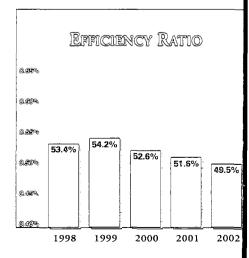
Arrow's 2002 performance and long-term strength are rooted in our community banking franchise. We strive to combine a culture of neighborly customer service and local market knowledge with the careful use of technology to speed transactions and drive down costs. In 2002, our banks completed the transition

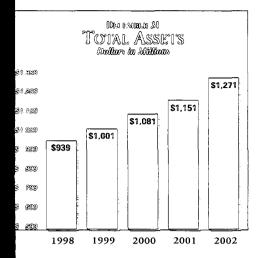
to platform automation, a system that gives our customer service professionals an instant picture of a customer's account relationship and greater ease of account opening. This system, like our new telephone system, means faster answers to customers' questions, more opportunities to cross-sell products and a higher level of service to our customers.

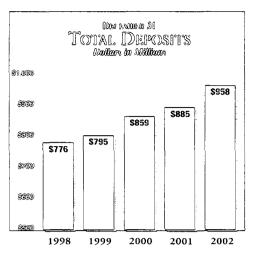
Our Internet Banking services posted strong growth for the year, with total electronic transactions up more than 30% and 24-hour ATM transactions up 7%. Visa® Check Card activity continued to be strong, with a 32% increase in the number of Glens Falls National cardholders and a 46% increase in Saratoga

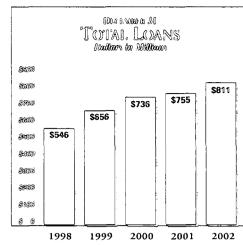












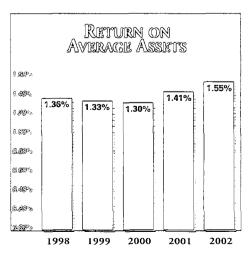
National cardholders. More transactions with more customers, in person and on-line, reinforced our view that our future growth in this highly competitive marketplace will be driven by easily accessed, relationship-based and competitively priced products and services.

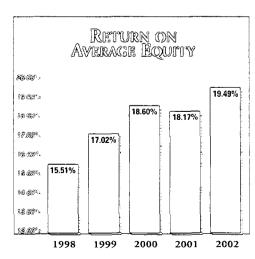
Saratoga National opened its third office, on West Avenue in Saratoga Springs. The new office received a prestigious honor from the Saratoga Springs Preservation Foundation, but the big attraction at our open house in May was the presence of Anthony Weaver, defensive end for the NFL's Baltimore Ravens, a former Saratoga Springs High School football star and University of Notre Dame Most

Valuable Player. Activity at the new office has been well above projections. Glens Falls National plans to open the Company's 27th office on Aviation Road in Queensbury during 2003.

Glens Falls National worked with the City of Glens Falls to provide affordable mortgage financing through the Federal Home Loan Bank of New York Home Buyer Assistance Program. A grant, which was received from the Federal Home Loan Bank, was used to provide \$102,000 in assistance to eight new homeowners in the City of Glens Falls. This grant, coupled with the Bank's special low income mortgage loans totaling \$341,000,







*Peer data has been obtained from the Federal Reserve Board's "Bank Holding Company Performance Report." The Company's peer group is comprised of 166 domestic holding companies with \$1 to \$3 billion in total consolidated assets.

Peer information was not available for December 31, 2002 at the time of this report.



enabled these individuals to realize their dream of becoming homeowners.

Product and service offerings were expanded during the year with the introduction of a new menu of financial services. Securities representatives, licensed through UVEST Financial Services, Inc., are now present in several offices where a selection of mutual funds, including our proprietary North Country Funds, and an array of annuities are available. Our newest subsidiary, NC Financial Services, Inc., has licensed representatives throughout the branch system meeting the life and long-term care insurance needs of our customers. For both products, we have access to a number of quality companies to ensure appropriate coverage and competitive pricing on a case-by-case basis.

(Top Photo): Glens Falls National donated land adjacent to its Fort Edward Office to the Village of Fort Edward. Senior Vice President Steve Miller (right) makes the presentation to Fort Edward Mayor Edward Ryan (center) as Regional Board member Dr. John Matochik, Jr. looks on.

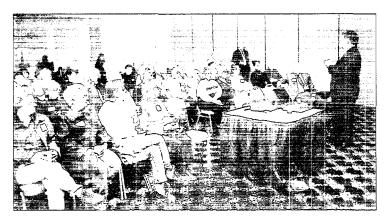
(Middle Photo): During 2002, Platform Automation was implemented in all Glens Falls National and Saratoga National offices, improving service to our customers. Glens Falls National's Main Office customer service representative, Joanna Willis, is shown using the new system.

(Bottom Photo): Alan Booth, Chairman of the Board of The Development Corp., Adore Kurtz, President of The Development Corp., and Ron Marino, Vice President of Glens Falls National, stand in front of a new warehouse financed by Glens Falls National.

Enhancing Service by Expanding

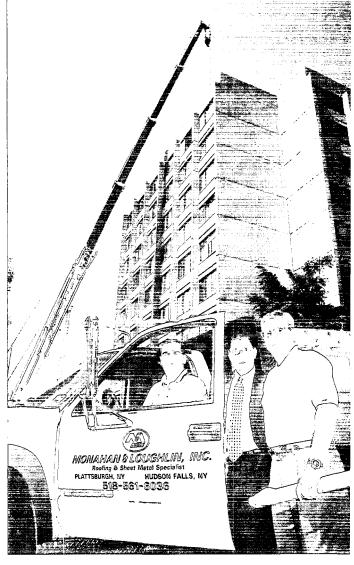
OUR CAPABILITIES

Our Compliance Department implemented new procedures and trained our employees to address emerging privacy issues and the complexities of the U.S.A. Patriot Act.



Arrow inaugurated a community service Volunteer of the Year award for employees. Bob Miles, Vice President in our Corporate Banking Division, was chosen as the first recipient. In the 34 years Bob has been an employee of Glens Falls National, he has served numerous non-profit organizations in Warren and Washington Counties. Among his many volunteer pursuits, Bob has served on the Boards of Directors at the Prospect Child and Family Center and United Cerebral Palsy of the Tri-Counties for 18 years.

More than 300 local non-profits and community organizations benefited as Bob and his Arrow coworkers rolled up their sleeves to raise money, help veterans, promote the arts and other worthy endeavors throughout the year. They are part of our 152-year tradition of supporting community organizations financially and with volunteer service.



(Top Left Photo): Phillip Gallant, Executive Vice President of New York Long-Term Care Brokers, Ltd., led a Long-Term Care and Asset Protection Workshop at the Queensbury Hotel, one of four workshops held this Fall by Glens Falls National and Saratoga National.

(Above Photo):Standing in front of Monahan & Loughlin, Inc.'s recent major roofing project at the SUNY Plattsburgh Campus is Glens Falls National Vice Presider John VanNatten (center) flanked by (left to right) Brian and Michael Monahan.

(Bottom Left Photo): Glens Falls National co-sponsored a Picasso exhibit from the Collection of the Albright-Knox Art Gallery at The Hyde Collection Art Museum. Standing next to a Picasso is Sandy Keeler of Keeler Motor Car Company, co-sponsor, Lynn Shanks from The Hyde and Glens Falls National's Tom Hoy.

(Bottom Middle Photo): Glens Falls National employees and their families participate in the American Cancer Society's Annual Relay for Life, which takes place a the Queensbury High School.

(Bottom Right Photo): Glens Falls National was a proud sponsor of the Adirondac Folk Music Festival held on August 11, 2002 in Schroon Lake's Town Park.









Glens Falls National donated three-quarters of an acre of land along the Hudson River to the Village of Fort Edward, which hopes to further develop the Fort Edward Yacht Basin. The Community Centers in various offices of our Banks provided free meeting space for non-profit groups, hosting more than 10,000 people in 2002.

As our Company and our country endeavor to deal with difficult national and international situations, we pledge our total dedication to make 2003 another good year for Arrow.

Sincerely,

Thomas L. Hoy
President and C.E.O.

Statement of Management Responsibility

The accompanying consolidated balance sheets and statements of income of Arrow Financial Corporation and subsidiaries have been prepared by management, which has the responsibility for their integrity and objectivity. The statements have been prepared in accordance with accounting principles generally accepted in the United States of America to reflect, in all material respects, the substance of financial events and transactions occurring during the respective periods.

In meeting its responsibility, management relies on Arrow Financial Corporation's accounting systems and related internal controls. These systems are designed to provide reasonable assurance that assets are safeguarded and that transactions are properly recorded and executed in accordance with management's authorization. Augmenting these systems are written policies and procedures and audits performed by Arrow Financial Corporation's internal audit staff.

Thomas L. Hoy

President & C.E.O.

John J. Murphy

Executive Vice President,

Treasurer & C.F.O.

Independent Auditors' Report

The Board of Directors and Shareholders of Arrow Financial Corporation:

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheets of Arrow Financial Corporation and subsidiaries as of December 31, 2002 and 2001, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2002 (not presented herein); and in our report dated January 21, 2003, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated balance sheets and statements of income is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

KPMG LIP

Albany, New York January 21, 2003

Consolidated Balance Sheets

ARROW FINANCIAL CORPORATION AND SUBSIDIARIE (Dollars in Thousands)	ES	
	2002	December 31, 2001
ASSETS	 	
Cash and Due from Banks	\$ 29,141 3,000	\$ 27,944
Federal Funds Sold	$\frac{3,000}{32,141}$	$\frac{14,000}{41,944}$
Cash and Cash Equivalents		
Securities Available-for-Sale	326,661	251,694
\$79,476 in 2002 and \$75,786 in 2001)	74,505	74,956
Loans	811,292	755,124
Less: Allowance for Loan Losses	(11,193)	(9,720)
Net Loans	800,099	745,404
Net Loans		
Premises and Equipment, Net	13,715	13,095
Other Real Estate and Repossessed Assets, Net	194	360
Goodwill	9,297	9,297
Other Intangible Assets, Net	418	641
Other Assets	14,391	13,616
Total Assets	\$1,271,421	\$ 1,151,007
LIABILITIES		
Deposits:		
Demand	\$ 133,644	\$ 124,777
Regular Savings, N.O.W. & Money Market Deposit Accounts	565,545	457,171
Time Deposits of \$100,000 or More	60,095	109,023
Other Time Deposits	198,723	194,527
Total Deposits	958,007	885,498
Short-Term Borrowings:		
Federal Funds Purchased and Securities Sold Under		
Agreements to Repurchase	44,078	32,310
Other Short-Term Borrowings	4,420	5,335
Federal Home Loan Bank Advances	145,000	115,000
Guaranteed Preferred Beneficial Interests in		
Corporation's Junior Subordinated Debentures	5,000	5,000
Other Liabilities	13,514	16,360
Total Liabilities	1,170,019	1,059,503
SHAREHOLDERS' EQUITY		
Preferred Stock, \$5 Par Value; 1,000,000 Shares Authorized		_
Common Stock, \$1 Par Value; 20,000,000 Shares Authorized		
(10,468,895 Shares Issued in 2002 and 9,970,376 Shares Issued in 2001)	10,469	9,970
Surplus	115,110	99,459
Undivided Profits	13,611	17,268
Unallocated ESOP Shares (97,212 Shares in 2002		
and 98,478 Shares in 2001)	(1,822)	(1,941)
Accumulated Other Comprehensive Income	3,253	1,562
Treasury Stock, at Cost (2,440,090 Shares in 2002	(20.210)	(0 / 0 1 / 0
and 2,239,451 Shares in 2001)	(39,219)	(34,814)
Total Shareholders' Equity	101,402	91,504
Total Liabilities and Shareholders' Equity	\$1,271,421 =	\$1,151,007

Consolidated Statements of Income

ARROW FINANCIAL CORPORATION AND	Subsidiaries				
(Dollars in Thousands, Except Per Share Data)		Years Ended December 31,			
	2002	2001	2000		
INTEREST AND DIVIDEND INCOME		_			
Interest and Fees on Loans	\$ 57,052	\$ 60,226	\$ 57,058		
Interest on Federal Funds Sold	308	760	317		
Interest and Dividends on Securities Available-for-Sale	14,479	14,216	15,408		
Interest on Securities Held-to-Maturity	3,306	3,155	2,841		
Total Interest and Dividend Income	75,145	<u>78,357</u>	75,624		
INTEREST EXPENSE					
Interest on Deposits:					
Time Deposits of \$100,000 or More	2,269	6,216	9,008		
Other Deposits	15,144	19,190	21,616		
Interest on Short-Term Borrowings: Federal Funds Purchased and Securities					
	516	1,034	1,460		
Sold Under Agreements to Repurchase Other Short-Term Borrowings	46	1,034	218		
Federal Home Loan Bank Advances	6,656	6,133	4,591		
Guaranteed Preferred Beneficial Interests in Corporation's	0,000	0,100	2,002		
Junior Subordinated Debentures	475	475	475		
Total Interest Expense	25,106	33,172	37,368		
NET INTEREST INCOME	50,039	45,185	38,256		
Provision for Loan Losses	2,288	2,289	1,471		
NET INTEREST INCOME AFTER					
PROVISION FOR LOAN LOSSES	47,751	42,896	36,785		
OTHER INCOME					
Income from Fiduciary Activities	3,863	4,059	3,681		
Fees for Other Services to Customers	6,189	5,302	5,222		
Net Gains (Losses) on Securities Transactions	100	195	(595)		
Net Gain on Sale of Credit Card Portfolio	_		825		
Other Operating Income		963	1,056		
Total Other Income	11,313	10,519	10,189		
OTHER EXPENSE					
Salaries and Employee Benefits	18,858	17,233	15,592		
Occupancy Expense of Premises, Net	2,330	2,248	1,978		
Furniture and Equipment Expense	2,440	2,462	2,466		
Other Operating Expense	7,769	8,601	7,546		
Total Other Expense	31,397	30,544	27,582		
INCOME BEFORE PROVISION FOR INCOME TAXES	27,667	22,871	19,392		
Provision for Income Taxes	8,773	7,055	5,711		
NET INCOME	\$ 18,894	\$ 15,816	\$ 13,681		
Average Shares Outstanding:					
Basic	7,974	8,013	8,025		
Diluted	8,156	8,153	8,091		
Famings Per Common Share:					
Earnings Per Common Share: Basic	\$ 2.37	\$ 1.97	\$ 1.70		
Diluted	2.32	1.94	1.69		
All share and per share amounts have been adjusted for the 2002 five per	rcent stock dividend.				

FIVE YEAR SELECTED FINANCIAL SUMMARY

Arrow Financial Corporation and Subsidiaries (Dollars in Thousands, Except Per Share Amounts)

(Dollars in Thousands, Except Per Share Amounts)					
Years Ended December 31,	2002	2001	2000	<u>1999</u>	<u>1998</u>
Condensed Income Statement Interest and Dividend Income Interest Expense	\$ 75,145	\$ 78,357	\$ 75,624	\$ 67,135	\$ 63,033
	25,106	33,172	37,368	29,266	28,142
Net Interest Income	50,039	45,185	38,256	37,869	34,891
	2,288	2,289	1,471	1,424	1,386
Provision for Loan Losses Other Income Other Expense 1	47,751	42,896	36,785	36,445	33,505
	11,313	10,519	10,189	9,378	8,580
	31,397	30,544	27,582	27,298	24,506
Income Before Taxes Provision for Income Taxes	27,667	22,871	19,392	18,525	17,579
	8,773	7,055	5,711	5,666	5,744
Net Income	\$ 18,894	\$ 15,816	\$ 13,681	\$ 12,859	\$ 11,835
Share and Per Share Data ² (Restated for stock split/dividends) Basic Average Shares Outstanding Diluted Average Shares Outstanding	7,974	8,013	8,025	8,422	8,686
	8,156	8,153	8,091	8,535	8,819
Basic Earnings Per Share Diluted Earnings Per Share Cash Diluted Earnings Per Share ³	\$ 2.37	\$ 1.97	\$ 1.70	\$ 1.53	\$ 1.36
	2.32	1.94	1.69	1.51	1.34
	2.32	2.01	1.76	1.57	1.41
Cash Dividends	.95	.83	.73	.66	.59
Book Value	12.78	11.42	10.10	8.83	8.99
Tangible Book Value ⁴	11.56	10.17	8.74	7.37	7.50
Period-end Balances Assets Loans Deposits Shareholders' Equity	\$ 1,271,421	\$1,151,007	\$1,081,354	\$1,001,107	\$ 939,029
	811,292	755,124	735,769	655,820	546,126
	958,007	885,498	858,925	795,197	775,597
	101,402	91,504	80,781	72,287	77,146
Key Ratios Earnings: Return on Average Assets Return on Average Equity Efficiency Ratio ⁵ Net Interest Margin ⁶	1.55%	1.41 %	1.30%	1.33%	1.36%
	19.49	18.17	18.60	17.02	15.51
	49.47	51.61	52.60	54.23	53.35
	4.50	4.41	4.01	4.31	4.40
Asset Quality: Net Loan Charge-offs to					
Average Loans	.11%	.17%	.08%	.06%	.16%
Period-End Loans Nonperforming Assets to Period-End Assets Allowance for Loan Losses to	.32 .22	.46 .33	.28 .24	.32 .27	.54 .38
Period-End Loans	1.38	1.29	1.19	1.19	1.23
to Nonperforming Loans	436.89	282.72	424.67	371.20	230.32
Capital: Tier 1 Capital to Quarterly Average Assets Tier 1 Capital to Risk-adjusted Assets Total Capital to Risk-adjusted Assets	7.3%	7.5%	7.0%	7.0%	7.1%
	11.6	11.3	10.4	10.8	11.2
	12.8	12.5	11.6	12.1	12.4

Amortization of goodwill was discontinued effective January 1, 2002 upon the third quarter adoption of SFAS No. 147.

Per Share amounts have been restated for the November 2002 five percent stock dividend.

Cash Earnings Per Share adds back to net income the amortization, net of tax, of intangible assets and goodwill associated with prior branch acquisitions.

Tangible Book Value excludes from total equity intangible assets, primarily associated with prior branch acquisitions.

The Efficiency Ratio is the ratio of noninterest expense less goodwill and intangible assets amortization to the sum of tax-equivalent net interest income and noninterest income, less net securities gains or losses.

Net Interest Margin is the ratio of tax-equivalent net interest income to average earning assets.

ARROW FINANCIAL CORPORATION BOARD OF DIRECTORS



David L. MoynehanPresident
Riverside Gas & Oil Co.. Inc.



Richard J. Reisman, D.M.D. Chairman Department of Dentistry Glens Falls Hospital



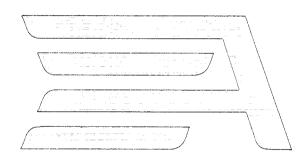
Jan-Eric O. Bergstedt Retired Vice President Kadant, Inc.



John J. Carusone, Jr. Attorney Carusone & Carusone



Michael F. Massiano Chairman of the Board



Mary-Elizabeth T. FitzGerald Retired Executive Director Tri-County United Way



Elizabeth O'C. Little New York State Senator 45th District



David G. Kruczlnicki President & C.E.O. Glens Falls Hospital



Thomas L. Hoy President & C.E.O.



Kenneth C. Hopper, M.D. Chairman & C.E.O. Northeastern Clinical & Toxicology Laboratories, Inc.

EXECUTIVE OFFICERS

Thomas L. Hoy President & C.E.O. John J. Murphy Executive Vice President, Treasurer & C.F.O. Gerard R. Bilodeau Senior Vice President & Corporate Secretary John C. Van Leeuwen Senior Vice President & Chief Credit Officer

GLENS FALLS NATIONAL BANK AND TRUST COMPANY

DIRECTORS

Jan-Eric O. Bergstedt Retired Vice President Kadant, Inc.

Mary-Elizabeth T. FitzGerald Retired Executive Director Tri-County United Way

Kenneth C. Hopper, M.D. Chairman & C.E.O. Northeastern Clinical & Toxicology Laboratories, Inc.

Thomas L. Hoy President & C.E.O.

David G. Kruczlnicki President & C.E.O. Glens Falls Hospital

Elizabeth O'C. Little New York State Senator 45th District

Michael F. Massiano Chairman of the Board

David L. Moynehan
President
Riverside Gas & Oil Co., Inc.

John J. Murphy Senior Executive Vice President & C.F.O.

Richard J. Reisman, D.M.D.
Chairman
Department of Dentistry
Glens Falls Hospital

DIRECTORS EMERITI

Richard J. Bartlett, Esq.
Michael B. Clarke
Elisabeth B. Day
George C. Frost
Herbert A. Heineman, Jr.
Dr. Edward F. Huntington
Robert P. Larson, C.F.A.
Doris E. Ornstein
Stephen H. Physioc
Daniel L. Robertson
Charles R. Wood

REGIONAL DEVELOPMENT BOARD

D. Gordon Ashton, Jr. Brian O. Blackburn William J. Brennan, Jr., D.D.S. William C. Bryant Carol A. Carmody Herbert O. Carpenter James A. Catalfimo, Esq. Dr. Nancy J. Church John P. Cushing Ronald F. Davies Darryl L. Decker James W. Del Signore Alan D. Eicher, C.P.A. Robert F. Folley, D.D.S. Robert K. Fosberry Charles D. Gijanto James A. Girard George W. Goetz Jeffrey S. Gohn, C.P.A. Jayson C. Hopper, Sr. Preston L. Jenkins, C.P.A. Katherine V. Juckett John J. Kelly Judith L. Klingebiel, C.P.A. C. Walter Lender Donald F. Lilley Theodore J. Luck Victor Macri, Jr. Thomas W. Magee Rick N. Martindale, C.P.A. John A. Matochik, Jr., D.V.M. Paul R. McPhillips Robert C. Morris, Esq. Thomas J. Murphy, C.P.A. George R. Nemec Dante J. Orsini Randolph E. Parker, Esq. Graeme F. Parrish Mark J. Rogers, Esq. Thomas J. Ross, C.P.A. Donald R. Schneider, Sr. Robert C. Smith Jack J. Toney Joseph J. Turcotte, Sr.

Gary C. Wilson

Michael G. Woodbury

OFFICERS

Thomas L. Hoy President & C.E.O.

ACCOUNTING, DATA PROCESSING, PERSONNEL, TRAINING, & COMPLIANCE GROUP

John J. Murphy
Senior Executive Vice President
& C.F.O.

ACCOUNTING DIVISION

Jeffrey S. Spaulding Vice President & Comptroller

Terry R. Goodemote, C.P.A. Vice President

Sandra A. Goyette Vice President

DATA PROCESSING DIVISION

John M. Sperry
Senior Vice President

Kathleen Kelleher

William R. Passineau
Systems Officer

Michelle A. Guy Systems Officer

Mary A. Cloutier Systems Officer

Michael P. Bittel Information Technology Officer

PERSONNEL, COMPLIANCE & TRAINING DIVISION

Gerard R. Bilodeau Senior Vice President & Cashier

PERSONNEL Sally J. Costello Vice President

COMPLIANCE & TRAINING

Peter J. Lareau
Vice President & Corporate
Compliance Officer

Melissa S. LaFiura
Training Officer

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Executive Vice President

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Michael R. Seeley Deposit Services Officer

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Assistant Vice President

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Vice President

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Collection Officer/Manager

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Thomas A. Warner Indirect Business Development Officer

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Erin M. Cornish Employee Benefits Officer

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AUDIT

Susan D. McCormick, C.P.A. Audit Manager

Carol A. Carpenter Audit Officer

LOAN REVIEW

Joy M. Mosseau Loan Review Manager

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Attorney
Carusone & Carusone

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Fil L. Fina, Jr. President Adirondack Thermal Energy Corporation

M. James Higgins President Saratoga Motors, Inc.

Raymond F. O'Conor President & C.E.O.

Sondra G. Silverhart

Real Estate Broker
Philip R. Stephenson
Chairman of the Board

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Cathy A. Hanna Branch Officer

Mortgage Officer

Mary Anne Welsh

Branch Officer

Martha A. McQuigge

GLENS FALLS NATIONAL BANK AND TRUST COMPANY

OFFICES

Main Office (ATM)

250 Glen Street Glens Falls, NY 12801 518/793-4121

Bay Road Office (ATM)

402 Bay Road Queensbury, NY 12804 518/743-8349

Broad Street Plaza Office (ATM)

Four Broad Street Plaza Glens Falls, NY 12801 518/793-8844

Cambridge Office (ATM)

25 West Main Street Cambridge, NY 12816 518/677-2642

Chestertown Office (ATM)

6353 State Route 9 Chestertown, NY 12817 518/494-2691

Cornelia Street Office (ATM)

308 Cornelia Street Plattsburgh, NY 12901 518/566-6650

Fort Ann Office

110 George Street Fort Ann, NY 12827 518/639-5591

Fort Edward Office

159 Broadway Fort Edward, NY 12828 518/747-4165

Granville Office (ATM)

8646 State Route 22 Granville, NY 12832 518/642-2206

Greenwich Office (ATM)

132 Main Street Greenwich, NY 12834 518/692-2201

Kingsbury Office (ATM)

3019 State Route 4 Hudson Falls, NY 12839 518/747-2061

Lake George Office (ATM)

2252 State Route 9 Lake George, NY 12845 518/668-5461 Lake Luzerne Office (ATM)

15 Main Street Lake Luzerne, NY 12846 518/696-5819

Plattsburgh Office (ATM)

25 Margaret Street Plattsburgh, NY 12901 518/561-3101

Port Henry Office

4307 Main Street Port Henry, NY 12974 518/546-3312

Queensbury Office (ATM)

696 Upper Glen Street Queensbury, NY 12804 518/793-9656

Schroon Lake Office (ATM)

Route 9 Schroon Lake, NY 12870 518/532-7121

Schuylerville Office (ATM)

73 Broad Street Schuylerville, NY 12871 518/695-3224

South Glens Falls Office (ATM)

Route 9 South Glens Falls, NY 12803 518/793-4431

Ticonderoga Office

123 Montcalm Street Ticonderoga, NY 12883 518/585-9025

Ticonderoga Drive-In Office (ATM)

Wicker Street, Route 9N Ticonderoga, NY 12883 518/585-3621

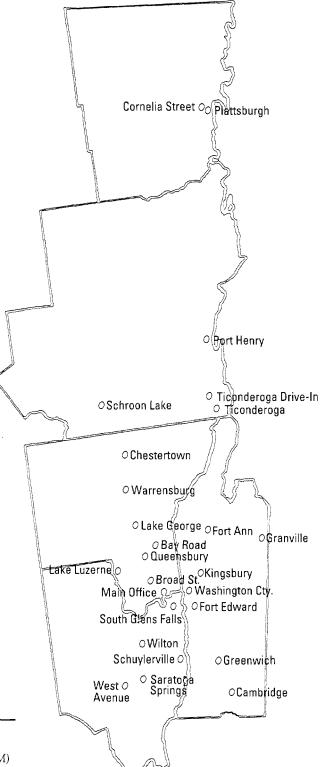
Warrensburg Office (ATM)

3853 Main Street Warrensburg, NY 12885 518/623-3036

Washington County Office (ATM)

343 Broadway Fort Edward, NY 12828 518/747-0601

www.gfnational.com



SARATOGA NATIONAL Bank and Trust Company

OFFICES

Main Office (ATM)

171 South Broadway Saratoga Springs, NY 12866 518/583-3114 West Avenue Office (ATM)

91 West Avenue Saratoga Springs, NY 12866 518/583-6504 Wilton Office (ATM)

3 Carpenter Lane & Route 9 Wilton, NY 12866 518/584-8120

www.saratoganational.com

ATM: Automated Teller Machine/24-Hour Banking Location

The Company

Arrow Financial Corporation, a New York corporation, is a bank holding company organized in 1983 and headquartered in Glens Falls, New York. The Company is registered with and supervised by the Board of Governors of the Federal Reserve System. The principal activities of the Company consist of the ownership, supervision and control of its bank subsidiaries, the Glens Falls National Bank and Trust Company and the Saratoga National Bank and Trust Company. Each bank is a member of the Federal Deposit Insurance Corporation and is subject to regulation and supervision by the Federal Reserve and the Comptroller of the Currency.

The Company, through its subsidiary banks, serves northeastern New York with twenty-six offices and offers electronic banking through automated teller machines, point-of-sale terminals and Internet Banking.

As full service commercial banks, the Company's subsidiaries provide a broad range of financial products, including trust services, demand and time deposit accounts, and mortgage, consumer and commercial loans.

Form 10-K

A copy of the Proxy Statement, including Form 10-K, (Annual Report) for 2002 filed with the Securities and Exchange Commission by the Company may be obtained by shareholders, without charge, by written request to:

Investor Relations Arrow Financial Corporation 250 Glen Street Glens Falls, New York 12801

Annual Meeting

The Annual Meeting of Shareholders will be held on Wednesday, April 30, 2003, at 10:00 a.m., at the Queensbury Hotel, Maple & Ridge Streets, Glens Falls, New York 12801.

Stock Listing

The Company's common stock is listed on The Nasdaq Stock Marketsm under the symbol "AROW". Price quotations appear in The Wall Street Journal, The New York Times and local newspapers.

Transfer Agent

American Stock Transfer and Trust Company 59 Maiden Lane New York, New York 10038 Tel.: 800-937-5449

Dividend Reinvestment Plan

The Arrow Financial Corporation Dividend Reinvestment Plan offers shareholders a convenient and economical way to acquire additional common stock of Arrow Financial Corporation without payment of any brokerage commission.

Participants in the Plan may reinvest all stock and cash dividends as well as make optional cash contributions. Since the Plan is entirely voluntary, you may join at any time and terminate whenever you wish. For more information, please visit our website, www.arrowfinancial.com or contact the American Stock Transfer and Trust Company at 800-278-4353.

Market Makers

McConnell, Budd & Romano, Inc. 365 South Street Morristown, NJ 07960 Tel.: 800-538-6957 Lehman Brothers 399 Park Avenue, 6th Floor New York, NY 10022 Tel.: 800-426-0287 Sandler O'Neill & Partners, L.P. 919 Third Avenue, 6th Floor New York, NY 10022 Tel.: 800-635-6851 CL King & Associates 9 Elk Street Albany, NY 12207

Tel.: 518-431-3500

Putnam Lovell NBF Securities Inc. The Park Avenue Tower 65 East 55th Street, 34th Floor New York, NY 10022 Tel.: 877-428-9960 Ryan Beck & Co. 220 South Orange Avenue Livingston, NJ 07039 Tel.: 800-342-2325 RBC Dain Rauscher, Inc. 530 Franklin Street Schenectady, NY 12305 Tel.: 800-992-0012 Smith Barney 80 State Street, 8th Floor Albany, NY 12207 Tel.: 800-541-0601